

Labor Market Conditions in Rhode Island

Donna Murray, Assistant Director
Department of Labor and Training
Labor Market Information Division

Rhode Island experienced record breaking employment in February 2020, with an estimated 508,400 RI-based jobs, the highest job count on record. Employment had increased for five straight months and jobs were up 4,500 (0.9%) from February 2019. Ten economic sectors showed over-the-year growth led by a gain of 2,100 in Health Care & Social Assistance.

The Accommodation & Food Services sector established an all-time employment high in January, Health Care & Social Assistance and Transportation & Utilities matched previous highs and the Construction sector employment was at its highest level since September 2008.

Rhode Island had an unemployment rate of 3.5 percent in February 2020. The state's unemployment rate had been below 4 percent since May 2018.

Overall, the RI labor market was in excellent shape! Jobs were at an all-time high and unemployment was at a 30 year low. But, in March, the Coronavirus pandemic had come to Rhode Island.

On March 13th, Rhode Island casinos closed; a few days later, day care centers were ordered closed, restaurants were closed to take-out orders only, and social gatherings were limited to no more than ten people. As the month continued, fitness centers, hair & nail salons, recreation & entertainment facilities, and all non-essential retail businesses were all ordered to close.

In March, Rhode Island began to feel the effects of COVID-19. Rhode Island loss a total of 9,900 jobs in March and the state's unemployment rate increased to 4.7 percent. The national rate had climbed to 4.4 percent, up nine-tenths of a percentage point over the month.

In April, an additional 88,200 jobs were lost, by far, the largest over-the-month job loss in state history. A total of 98,100 jobs were lost during the nine-week shut down and the state's unemployment rate hit 18.1 percent, highest in New England and 4th highest in the nation. Nationally the unemployment rate was 14.7 percent in April.

In terms of job loss, the Accommodation & Food Services sector experience the largest loss (-34,200) followed by Health Care & Social Assistance (-15,800), and Retail Trade (-9,400). These three sectors accounted for 60 percent of the job losses that occurred during March and April.

Rhode Island's 98,100 job loss accounted for 19.3 percent of its employment, the seventh largest job loss in the country. Nationally, jobs fell by 14.5 percent.

In May, Rhode Island began the process of reopening the state's economy. Reopening occurred in Phases with the state moving from one phase to the next based on pre-established criteria which monitored the spread of the virus. Rhode Island is currently in Phase III of the four phase opening process.

Between April and September, the state has regained a total of 57,700 jobs, 58.8 percent of the total jobs lost. Rhode Island's 58.8 percent recovery rate is the 15th best in the country. Not surprisingly, over two-thirds of those job gains occurred in the sectors that were most negatively impacted by the social distancing orders – Accommodations & Food Services (22,100), Health Care & Social Assistance (+10,600) and Retail Trade (+6,500).

Employment in the state is still down 40,400 or 7.9 percent since February's all-time employment high of 508,400. Nationally, jobs are down 7.0 percent since February. Around New England, Massachusetts jobs are down 10.0 percent, Vermont jobs are down 9.2 percent, New Hampshire jobs are down 8.3 percent, Maine jobs are down 7.9 percent and Connecticut jobs are down 6.1 percent from February 2020.

The September unemployment rate was 10.5 percent, fourth highest in the nation. Across the country, unemployment rates ranged from a high of 15.1 percent in Hawaii to a low of 3.5 percent in Nebraska.

Rhode Island had the highest unemployment rate in New England followed by Massachusetts (9.6%), Connecticut (7.8%), Maine (6.1%), New Hampshire (6.0%) and Vermont (4.2%). Nationally, the unemployment rate was 7.9 percent in September.

All private sector industries lost jobs between February and April with lower wage industries much more impacted by the pandemic than those with higher average wages. In February 2020:

Low wage industries, industries with average annual wages less than \$40,000 accounted for 31.6 percent of the total jobs and 63.6 percent of the jobs lost during the shut down

Mid wage industries, industries with average annual wages between \$40,000 and \$65,000 accounted for 36.2 percent of the total jobs and 28.2 percent of the jobs lost during the shut down

High wage industries, with average annual wages above \$65,000 accounted for 32.2 percent of the total jobs and 8.2 percent of the jobs lost during the shut down

In terms of Occupations, workers employed in lower wage occupations were also more impacted by the pandemic than those whose jobs pay average and higher wages. Over 60 percent of the initial claims filed between March 8th and October 10th by workers employed in occupations paying median wages less than \$21 an hour.

Food Preparation & Serving workers employed mainly in the Food Services & Restaurant industry accounted for more initial claims than any other occupational group. A total of 32,646 initial claims have been filed by workers in these occupations accounting for 14 percent of the total initial claims filed and 66 percent of the occupation's workforce. Workers in this occupational group earned an average of \$12,58 per hour, a weekly average of \$503 for a worker employed full-time. The average weekly benefit amount for workers employed in these occupations is estimated to be \$252 per week. .

Office & Administrative Support Occupations which are found in many sectors of the economy accounted for 13.5 percent of the initial claims filed. Workers employed full-time in these occupations earn an average of \$20.06 an hour, a weekly average of \$802 per week for a full-time worker. These workers will collect an average of \$401 a week.

The Coronavirus Aid, Relief and Economic Security (CARES) Act provided for additional unemployment insurance benefits beyond the standard 26 week program.

- Pandemic Unemployment Assistance (PUA) provides up to 39 weeks of benefits for individuals who are self-employed or ineligible for regular unemployment benefits. To date this program has paid over \$285 million in benefits. These benefits are scheduled to end in December. It is estimated that this program will pay additional \$90 million by year's end
- Pandemic Emergency Unemployment Compensation (PEUC) provides an additional 13 weeks of benefits to individuals who have exhausted their regular unemployment insurance benefits. To date this program has paid over \$62 million in benefits. These benefits are scheduled to end in December. It is estimated that this program will pay additional \$40 million by year's end.

- The Federal Pandemic Unemployment Compensation (FPUC) which ended in July, provided all individuals collecting benefits an additional \$600 a week in addition to their regular entitlement. This program provided nearly \$1.2 billion in benefits. The \$300 bonus payment enacted in August paid an additional \$172 million in benefits.

RI triggered onto the High Extended Benefits (EB) program in May which provides an additional 20 weeks of benefits payable after individuals collect PEUC. To date this program has paid over \$7 million in benefits. This program is expected to remain on through June 2020 and is estimated to pay an additional \$6 million in benefits through the end of the year.

Employment estimates are based on a sample of Rhode Island employers randomly selected to participate in the Current Employment Statistics (CES) survey which is conducted each month by the US Bureau of Labor Statistics (BLS) in partnership with the states' Labor Market Information (LMI) Divisions. Each year BLS revises these estimates using data from the Quarterly Census of Employment and Wages (QCEW) program which is derived from data collected from all employers for the use in the Unemployment Insurance (UI) program through a process known as "benchmarking."

Below is a comparison of over-the-year changes generated by the BLS estimates the QCEW program for the first six months of 2020:

	BLS	QCEW	Difference
Jan	+3,100	+2,700	- 400
Feb	+4,500	+2,800	- 1,700
March	- 4,500	- 900	+ 3,600
April	-93,200	-100,800	- 7,600
May	-80,700	-87,100	- 6,400
June	-56,800	-65,200	- 8,400

This data indicates that BLS estimates over-stated employment by an average of 3,800 jobs for the first six months of 2020.